

Decision 82 04 111 APR 21 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND)
ELECTRIC COMPANY for authority)
among other things to implement)
a Conservation Financing Program)
and include a procedure for a)
Conservation Financing Adjustment)
of PGandE's electric and gas)
tariffs to provide funds for)
Commission approved conservation)
financing program.)

Application 59537
(Filed March 25, 1980)

(Electric and Gas))

Application of PACIFIC GAS AND)
ELECTRIC COMPANY to increase)
rates for Electric and Gas)
service for the costs of the)
Residential Conservation Service)
(RCS) Program.)

Application 60700
(Filed July 1, 1981)

(Electric and Gas))

Application of PACIFIC GAS AND)
ELECTRIC COMPANY for authority to)
increase its Electric and Gas)
rates and charges effective)
January 1, 1982, in accordance)
with the Conservation Financing)
Adjustment (CFA) authorized in)
Application 59537, for operation)
of a zero-interest program (ZIP))
of conservation financing.)

Application 60701
(Filed July 1, 1981)

(Electric and Gas))

Application of PACIFIC GAS AND
ELECTRIC COMPANY for authority to
revise its gas rates and tariffs,
effective April 1, 1981, under the
Gas Adjustment Clause, and to
modify its Gas Adjustment Clause.

(GAS)

Application 60263
(Filed February 17, 1981)

ORDER MODIFYING DECISION 93891

In this decision we address the petition for modification of Decision (D.) 93891 filed by Southern California Gas Company (SoCal), a matter on which we deferred action in D.82 03 048.¹

SoCal, a gas resale customer of PG&E's, requests modification of D.93891 to more clearly establish that the natural gas resale rate assessed by Pacific Gas and Electric Company (PG&E) is to be exempt from any charges associated with PG&E's Zero Interest Conservation Financing (ZIP) and Residential Conservation Service (RCS) programs. SoCal also request that PG&E be ordered to refund all Conservation Financing Adjustment (CFA) charges collected from SoCal since June 16, 1981.

In order to place the petition in a meaningful context, a brief review of relevant Commission proceedings is required. D.93198, dated June 16, 1981, in Application (A.) 60263 authorized PG&E to increase natural gas rates under its Gas Adjustment Clause (GAC), including gas resale rates. One of the elements of the increase was a higher CFA, an adjustment utilized to help fund the PG&E ZIP program.² In petitions for the rehearing of

¹ D.82 03 048, dated March 2, 1982, made a number of modifications in D.93891 while denying rehearing.

² A CFA charge was first levied on PG&E resale customers in D.92653, dated January 28, 1981.

D.93198, SoCal and the City of Palo Alto (Palo Alto) raised the issue of whether PG&E's resale customers should be assessed a CFA charge in support of PG&E's ZIP program, since to do so imposes a double burden on the ratepayers of resale customers who also must support their own utility's conservation programs.

In granting rehearing of D.93198 on this issue, D.93577, dated September 15, 1981, ordered that pending a decision on rehearing, the resale rates of Palo Alto, the City of Coalinga (Coalinga), CP National Corporation (CPN) and Southwest Gas Corporation (SWG) should be collected subject to refund and that the rehearing should be heard in conjunction with the ongoing hearings in A.60701. In D.93891, dated December 30, 1981--the decision on PG&E's Phase II ZIP program and on the rehearing of D.93198--the Commission stated that it was inappropriate to charge SoCal and Palo Alto for costs of PG&E's conservation financing and exempted those two utilities "from rate increases associated with implementation of PG&E's 1982 ZIP and RCS programs." D.93891 was silent, however, on the disposition of the collections made subject to refund.

Turning to the first request in SoCal's petition, it does appear that a clarification of the scope of the exemption granted to SoCal is required. In D.93891 we held that it was not appropriate, through resale charges, to place a double burden for conservation financing on SoCal ratepayers (D.93891, p. 53). This exemption rightly extends not only to the CFA increase authorized in D.93198, but also to any other charges associated with PG&E's ZIP and RCS programs that might be included in the resale rate.

SoCal's second request, namely, for a refund of CFA collections also has merit. In D.93577 when we recited those resale rates which, pending rehearings would be collected subject to refund, our failure to include SoCal's rate was inadvertent. The basic reason for granting rehearing on the CFA issue was to focus on the question of double burdening the ratepayers of resale customers. Our concern in this regard extended also to

SoCal's ratepayers. Moreover, SoCal's conservation efforts are extensive. It seems clear, therefore, that SoCal's resale rate should have been collected subject to refund and that, based on its own conservation efforts, SoCal has at least equal standing with PG&E's other resale customers for a refund.

In D.93891 we did not dispose of the refund question but will do so herein. An examination of D.93577 demonstrates that our purpose in collecting resale rates subject to refund "pending a decision on rehearing" was to determine whether indeed PG&E's resale rate CFA charge constituted a double burden for ratepayers of SoCal (and Palo Alto). As D.93891 plainly shows, the rehearing granted in D.93577 answered this question affirmatively (See D.93891, pp. 41, 46, 53, 56 and 60). We therefore will correct the omission in D.93891 and, as more fully explicated in our order herein, grant a refund of CFA charges associated with ZIP that were collected from SoCal in resale rates from June 16, 1981, the effective date of D.93198, to December 30, 1981, the effective date of D.93891, the decision on rehearing of D.93198.

A final matter to be resolved is whether to extend to PG&E's other gas resale customers the modifications granted herein to SoCal. To determine this question requires evidence as to whether these other customers conduct conservation financing programs of their own. Palo Alto participated in the rehearing of D.93198 and in D.93891 we found that Palo Alto, as well as SoCal, administers its own conservation financing program (D.93891, Finding of Fact 36). Palo Alto, therefore, should have all charges associated with ZIP and RCS exempted from the resale rate it pays PG&E and should also have all CFA charges associated with ZIP that were collected between June 16, 1981 and December 30, 1981, refunded.

As regards the three other resale customers, namely, Coalinga, CPN and SWG, the record does not reveal whether they conducted conservation financing programs during the period in question. We, therefore, will not order the deletion of ZIP or

RCS amounts from the resale rates PG&E charges these entities nor will we order refunds. We invite Coalinga, CPN and SWG to participate in the next proceeding affecting PG&E's gas resale rates--namely, the gas reasonableness review that will be conducted this summer in conjunction with the PG&E-ECAC proceeding--if they believe that they may qualify for the CFA exemption afforded herein to SoCal and Palo Alto.

Therefore, IT IS ORDERED that D.93891 is modified as follows:

1) The following paragraphs are added before the last paragraph on Page 41:

"A related matter is how to dispose of resale rates that have been collected subject to refund pursuant to D.93577, the decision which consolidated the rehearing of D.93198 into this proceeding. In D.93577 we briefly addressed the issue as to whether assessing a CFA rate in PG&E resale rates constituted a double burdening of ratepayers of resale customers. We noted that a double burden could exist if such ratepayers also were required to fund conservation financing programs administered by their own utilities. We asked for evidence on the issue and, pending a decision on rehearing, ordered that rates of resale customers Palo Alto, the City of Coalinga (Coalinga), CP National Corporation (CPN), and Southwest Gas Corporation (SWG) be collected subject to refund.

"Since we have determined that such a double burden exists for SoCal and Palo Alto ratepayers if PG&E's resale rates include a CFA rate to cover PG&E's ZIP, we will order refunds to SoCal and Palo Alto of all CFA amounts associated with ZIP that were collected from June 16, 1981 to December 30, 1981. We order the refund to SoCal even though SoCal was not represented in D.93577's listing of rates to be collected subject to refund, since the omission was wholly inadvertent.

"The record does not contain evidence sufficient to establish that such a double burden exists for the ratepayers of PG&E's other resale customers so we will not order a refund of CFA amounts to these, namely, to Coalinga, CPN and SWG."

2) The following is added to Finding of Fact 37:

"The record does not establish that such a double burden exists for PG&E's other gas resale customers."

3) Conclusion of Law 10 is modified to read as follows:

"10. Since SoCal and Palo Alto ratepayers will fund the ZIP and RCS programs of SoCal and Palo Alto, they should not contribute to PG&E's ZIP and RCS programs. Those CFA amounts associated with ZIP that were collected in gas resale rates from SoCal and Palo Alto from June 16, 1981 to December 30, 1981 should be refunded. Since the record does not establish that a similar double burden exists for the ratepayers of PG&E's other resale customers, CFA refunds to those customers are not required."

4) Ordering Paragraph 7 is amended to read as follows:

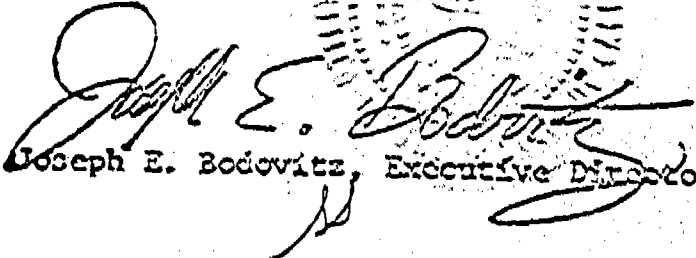
"7. SoCal and Palo Alto shall be exempt in PG&E's gas resale rates from funding any of the costs associated with the implementation of PG&E's ZIP and RCS programs. Moreover, SoCal and Palo Alto should be refunded all CFA charges associated with ZIP that were collected by PG&E in gas resale rates from June 16, 1981 to December 30, 1981."

This order is effective today.

Dated APR 21 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director